

PUBLIC DISCLOSURE

February 24, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Johnstown Bank and Trust Company
DSBB - 03423591**

Johnstown, Pennsylvania

**Federal Reserve Bank of Philadelphia
Ten Independence Mall
Philadelphia, Pennsylvania 19106-1574**

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **Johnstown Bank and Trust Company** prepared by the **Federal Reserve Bank of Philadelphia**, the institution's supervisory agency.

The evaluation represents the agency's current assessment and rating of the institution's CRA performance based on an examination conducted as of **February 24, 1997**. It does not reflect any CRA-related activities that may have been initiated or discontinued by the institution after the completion of the examination.

The purpose of the Community Reinvestment Act of 1977 (12 U.S.C. 2901), as amended, is to encourage each financial institution to help meet the credit needs of the communities in which it operates. The Act requires that in connection with its examination of a financial institution, each federal financial supervisory agency shall (1) assess the institution's record of helping to meet the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations of the institution, and (2) take that record of performance into account when deciding whether to approve an application of the institution for a deposit facility.

Basis for the Rating

The assessment of the institution's record takes into account its financial capacity and size, legal impediments and local economic conditions and demographics, including the competitive environment in which it operates. Assessing the CRA performance is a process that does not rely on absolute standards. Institutions are neither required to adopt specific activities, nor to offer specific types or amounts of credit. Each institution has considerable flexibility in determining how it can best help to meet the credit needs of its entire community. In that light, evaluations are based on a review of 12 assessment factors, which are grouped together under 5 performance categories, as detailed in the following section of this evaluation.

DISCUSSION OF INSTITUTION'S PERFORMANCE

INSTITUTION'S RATING: This institution is rated Satisfactory, based on the findings presented in the following discussion of the institution's performance.

The examination revealed that the bank is providing meaningful products and services to address the credit needs of its community, including low-and moderate-income neighborhoods. This assessment was primarily based upon the institution's lending profile. Specifically, the bank maintains a high level of loans in relation to deposits and a majority of the credit extensions were made to communities located within its delineation. Moreover, the geographic distribution of such credit extensions reflects a reasonable dispersion throughout the delineated community, and an adequate distribution of loans to borrowers of different income levels and to businesses of different sizes.

SCOPE OF EXAMINATION

The examination included an assessment of the institution's ascertainment, marketing, and lending performance, and an evaluation of compliance with anti-discrimination laws and regulations. Additionally, interviews were conducted with representatives of a local housing advocacy organization and a business organization, to assist in ascertaining local credit needs and to obtain a perspective of the local economic, governmental, social, and other issues that affect the delineated community. The evaluation of bank lending activity consisted of an analysis of the information contained in the bank's 1995 HMDA report, coupled with preliminary data from the 1996 HMDA-LAR. A sample of consumer and commercial loans that were originated during the one-month period prior to the examination date were also reviewed. The overall evaluation was based primarily upon information, activities and initiatives that occurred during the period since the previous examination on August 28, 1995.

PROFILE

DESCRIPTION OF INSTITUTION

Johnstown Bank and Trust Company (JBT) is headquartered in Johnstown, Cambria County, Pennsylvania. JBT is the lead subsidiary bank of BT Financial Corporation (BTFC), the holding company of the bank. The other banks are Laurel Bank, Ebensburg, Pennsylvania and Fayette Bank, Uniontown, Pennsylvania. As of December 31, 1996, BTFC reported total consolidated assets of \$1.5 billion. In June 1996, BT FC, acquired Armstrong County Trust Bank, Kittanning, PA and Moxham Bank Corporation which owned Moxham National Bank of Johnstown and the First National Bank of Garrett. These institutions were merged into Johnstown Bank and Trust Company and, as of December 31, 1996, total bank assets were \$866 million.

In an effort to meet its business objectives, and provide meaningful products and services to its community, bank management periodically evaluates and modifies its credit programs and remains active in consumer-oriented programs and initiatives which promote affordable housing and home ownership throughout its community. A review of commercial bank loans since the previous examination revealed that working capital, equipment, inventory, and start-up loans, have been extended to the small- to medium-sized businesses in the community. Additionally, a significant amount of credit was extended to finance the purchase, development and rehabilitation of consumer and commercial properties. Technical assistance has also been offered by bank officers and staff to ensure that business owners are afforded the opportunity to obtain a working knowledge of business management techniques. The following chart presents the bank's loan portfolio over a three-year period.

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

PROFILE (continued)

DESCRIPTION OF INSTITUTION (continued)

LOAN TYPE: (thousand)	12/31/96	%	12/31/95	%	12/31/94	%
Residential Real Estate Mortgage Loans	150,154	26	109,046	26	103,789	28
Consumer Loans	146,540	25	104,532	25	89,449	24
Commercial & Multi-Family Mortgage Loans	133,346	23	77,075	19	70,060	18
Commercial & Industrial Loans	78,596	13	55,325	14	52,381	14
Revolving Home Equity Credit	33,064	6	22,914	6	23,215	6
Construction Mortgage & All other loans	26,826	4	30,859	7	24,858	7
Credit Card Loans	16,526	3	13,285	3	12,229	3
TOTALS	\$585,052	100%	\$413,069	100%	\$375,981	100%

An analysis of the information revealed that loans secured by residential real estate and personal loans, have collectively accounted for 60% of total loans during this period. The balance of the portfolio was essentially comprised of commercial loans.

REASONABLENESS OF DELINEATED COMMUNITY

The bank utilizes its effective lending territory, in conjunction with existing geographic and natural boundaries, as the basis for determining its delineated community. The delineation has been revised since the previous examination and currently includes the counties of Armstrong, Bedford, Cambria, Indiana, Somerset, and Westmoreland, the southeastern portion of Butler County and the northeastern portion of Allegheny County. The delineation encompasses all of the Johnstown Metropolitan Statistical Area (MSA) which includes Somerset and Cambria counties, and the northeastern portion of the Pittsburgh MSA which includes Westmoreland County and portions of Allegheny and Butler counties. Three counties within the delineation (Armstrong, Bedford and Indiana) are defined as non-metropolitan by the U.S. Office of Management and Budget, as these counties are not located within an MSA.

Census Tracts/Income Categories

The delineated community includes 237 census tracts or block numbering areas (BNA), within the Johnstown and Pittsburgh MSAs. Of these census tracts or BNAs, 233 have identifiable income levels, and are presented in the following charts by income level and population:

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

PROFILE (continued)

REASONABLENESS OF DELINEATED COMMUNITY (continued)

Census Tracts/Income Categories (continued)

	Number	Percent
Low-Income Census Tracts	4	2%
Moderate-Income Census Tracts	43	18%
Middle-Income Census Tracts	170	73%
Upper-Income Census Tracts	16	7%
Total Census Tracts in Assessment Area	233	100%

	Number	Percent
Low-Income Census Tract Population	6,302	1%
Moderate-Income Census Tract Population	123,494	13%
Middle-Income Census Tract Population	676,811	75%
Upper-Income Census Tract Population	100,459	11%
Market Population	907,066	100%

The present delineation is considered to be reasonable as it does not arbitrarily exclude any low- to moderate-income neighborhoods or communities.

The median family income for the bank's delineated community is \$28,853 and is categorized as follows:

Low / Moderate Income Less than 80% of the median family income -
Less than \$23,082

Middle Income 80% to 120% of the median family income -
From \$23,083 to \$34,624

Upper Income Greater than 120% of the median family income -
Greater than \$34,624

The median family income of the delineated community- \$28,853, is greater than the Johnstown MSA at \$26,144 but, considerably less than the Pittsburgh MSA at \$32,787 and the state at \$34,856. The delineated community consists of 254,402 families (refer to following chart), of which 39% are considered to be low-to moderate-income.

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

PROFILE (continued)

REASONABLENESS OF DELINEATED COMMUNITY (continued)

Census Tracts/Income Categories (continued)

	Number	Percent
Low-Income Families	48,962	19%
Moderate-Income Families	51,529	20%
Middle-Income Families	61,254	24%
Upper-Income Families	92,657	37%
Total Families	254,402	100%

Housing

Within the delineated community, 69% of the housing units are owner-occupied, which compares favorably with the Pittsburgh and Johnstown MSAs at 65% and 66%, respectively. The median value of the housing units is \$49,822, which exceeds that of the Johnstown MSA-\$40,615 but, is lower than the Pittsburgh MSA-\$55,032 and the state at \$69,075.

Assessment Factor K - The institution's ability to meet various community credit needs based on its financial condition and size, legal impediments, local economic conditions and other factors.

In January 1997, the civilian labor force in the Johnstown MSA increased by 2,100 to 106,700, which represented an increase of 500 for the comparable period of the previous year. The unemployment trend through the second half of 1996 improved but, was not adequate enough to preclude a substantial increase in joblessness. Consequently, the Johnstown MSA continues to have the highest unemployment rate in the state at 7% (12/31/96), which is substantially above the state rate of 5.3% and the national rate of 5.9%.

Although the bank operates within economic and social constraints imposed by the vagaries of the local economy, management continues to maintain an ongoing commitment to the communities comprising its delineation. This objective is accomplished through the active support of business, housing and other economic revitalization programs. Such participatory efforts appear commensurate with the financial and managerial resources of the bank and are in accordance with the safe and sound operation of the institution.

Assessment Factor C - The extent of participation by the institution's board of directors in formulating the institution's policies and reviewing its performance with respect to the purpose of the Community Reinvestment Act.

The directorate and senior management recognize their corporate responsibility under the CRA and periodically review local demographic data to ensure that bank lending activities and community outreach efforts fully support the overall intent and purpose of the act. Additionally, information obtained by management from such activities is effectively incorporated into the lending and community development initiatives of the bank. The goals and objectives of the CRA program are reviewed and communicated to all levels of the lending and operational staff.

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

CRA PERFORMANCE

GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING BRANCH OFFICES

Assessment Factor E - The geographic distribution of the institution's credit extensions, credit applications and credit denials

To determine the geographic distribution of the bank's loans, an analysis was conducted utilizing data from the 1995 Home Mortgage Disclosure Act (HMDA) report and the 1996 HMDA-Loan Application Register (LAR). Information was also obtained from a review of a sample of consumer and commercial loans that were originated in January 1997. The 1995 HMDA report and the 1996 HMDA-LAR data revealed the following loan distribution, based upon the income level of the census tracts:

1995 HMDA Report		
	Loans Originated	
	Number	Percent
Low / Moderate Income	43	11%
Middle Income	299	79%
Upper Income	39	10%
Total Loans	381	100%

1996 HMDA-Loan Application Register (LAR)*		
	Loans Originated	
	Number	Percent
Low / Moderate Income	69	12%
Middle Income	431	76%
Upper Income	65	12%
Total Loans	565	100%

* Adjusted to include the non-metropolitan areas or counties located within the bank's delineation.

The sample of loans that were extended during January 1997, were reviewed to determine the extent of lending inside and outside of the delineated community. The data are presented in the following table:

Loan Sample Penetration Profile						
	Consumer Loans		Commercial Loans		Total Loans Sampled	
	Number	Percent	Number	Percent	Number	Percent
Inside	97	90%	17	85%	114	89%
Outside	6	6%	2	10%	8	6%
Unknown	5	4%	1	5%	6	5%
Total	108	100%	20	100%	128	100%

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

CRA PERFORMANCE (continued)

GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING BRANCH OFFICES (continued)

Assessment Factor E (continued)

Based upon an analysis of the foregoing information, the geographic distribution of the bank's loans reflects a reasonable dispersion of credit to individuals and communities within its delineated community.

According to 1990 U.S. Census data, 14% of the population within the bank's delineated community resides in low- to moderate-income census tracts, 75% in middle-income census tracts, and 11% in upper-income census tracts. The following chart compares the demographics of the delineated community with mortgage lending data from the following sources: the bank's 1995 HMDA report; the 1996 HMDA-LAR; and a sample of loans that were selected during the examination.

	Delineated Community Demographics	HMDA Loans*		Loan Sample*
		1995	1996	
Low / Moderate	14%	11%	12%	18%
Middle	75%	79%	76%	70%
Upper	11%	10%	12%	12%
Total	100%	100%	100%	100%

* Totals do not include the unidentifiable or unknown census tracts located within non-metropolitan counties.

Based upon a review of the comparative data, it was determined that the geographic distribution of the bank's loans to census tracts of different income levels is similar to the demographic composition of the community. Additionally, the analysis revealed a satisfactory penetration level of loans throughout the local community, including low-to-moderate-income neighborhoods.

According to 1990 census data, 39.5% of the families located within the assessment area of the bank were considered low-to moderate-income, 24.1% were considered middle income, and 36.4% were considered upper income. The following chart compares the demographics of the delineated community to the bank's 1995 HMDA report; the 1996 HMDA-LAR, and a sample of loans that were selected during the examination. The comparison revealed the following results:

	Delineated Community Demographics	1995 HMDA Loans	1996 HMDA Loans	Loans Sampled (January, 1997)
Low / Moderate	39.5%	28%	25%	49%
Middle	24.1%	30%	21%	24%
Upper	36.4%	36%	51%	27%
Income Not Available	0%	6%	3%	0%
Total	100%	100%	100%	100%

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

CRA PERFORMANCE (continued)

GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING BRANCH OFFICES (continued)

Assessment Factor E (continued)

Based upon an analysis of the foregoing information, bank loans have been reasonably distributed among individuals of all income levels, including low-to-moderate income individuals.

Assessment Factor G - The institution's record of opening and closing offices and providing services at offices.

The bank operates a main office and forty-five branch banking offices, of which ten are located within low-to moderate-income communities. The bank has thirty-six proprietary automated teller machines (ATM) and is a member of Money Access Card, a nationwide ATM system, and CIRRUS, an international network.

To effectively accommodate its customers, management periodically reviews the hours of operation for each of its offices. In some instances, the bank has extended the hours of operation, to become more responsive to the convenience and needs of customers or to conform to the general business hours within a particular community. The current level of banking and loan services appears reasonable and office locations are accessible to all segments of the delineated community, including low- and moderate-income neighborhoods.

In compliance with Section 42 of the Federal Deposit Insurance Corporation Improvement Act, management has conducted an adequate assessment of the potential adverse effect that the closing of an office would have on the local community. A branch closing policy has been adopted which provides for: an objective determination of branch closings, a continuity of services, a consideration of alternative solutions for the delivery of banking services, and the development of procedures to provide sufficient advance notice to the affected community.

Assessment Factor I - The institution's origination of residential mortgage loans, housing rehabilitation loans, home improvement loans and small business or small farm loans within its community, or the purchase of such loans originated in its community.

A review of the bank's lending profile reflects a retail orientation and a responsiveness in meeting the credit needs of its service area. According to the Uniform Bank Performance Report as of 12/31/96, the bank's loan-to-deposit ratio equaled 77.1%, compared to a peer average of 75.8%. Peer data refers to all insured commercial banks having assets between \$500 million and \$1 billion with three or more banking offices, and located in a metropolitan area. The following table depicts the loan-to-deposit ratios for a three-year period:

	12/31/96		12/31/95		12/31/94	
	Bank	Peer	Bank	Peer	Bank	Peer
Loan-to-Deposit Ratio	77.07%	75.78%	79.93%	73.51%	74.76%	74.64%

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

CRA PERFORMANCE (continued)

GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING BRANCH OFFICES (continued)

Assessment Factor I (continued)

As noted in the chart, the bank has maintained a loan-to-deposit ratio during this period, which consistently exceeds the levels of the peer banking institutions.

The CRA statement is generally inclusive of activities that illustrate its performance under the act and contains information pertaining to bank loan programs and the efforts of management to ascertain and provide products and services that effectively serve the credit needs of the delineated community. The following credit products are offered in the most recent CRA statement:

Consumer Loans

- C Automobile Loans
- C Personal Loans
- C Educational Loans
- C Mobile Home Loans (direct\ indirect)
- C Farm Loans
- C Home Improvement Loans

Mortgage Loans

- C Conventional Residential
- C Home Equity Loans
- C Construction
- C Community Development Mortgage Program

Commercial Loans

- C Unsecured and Secured Loans
- C Industrial Development Authority Loans
- C Commercial Mortgages
- C Secured and Unsecured Letters of Credit

A review of credit extensions since the previous examinations revealed that satisfactory efforts have been initiated to address identified credit needs through the origination of loans for residential mortgages, housing rehabilitation, home improvement, and residential construction. In May 1994, the bank allocated \$2 million to the Community Development Mortgage Program. The program provides funds for the purchase of 1-4 family dwellings in low- to moderate-income census tracts. The program features flexible underwriting criteria, a minimum of down payment of 5%, no minimum or maximum amounts, and a fixed, reduced interest rate. Qualified applicants also benefit from reduced closing costs and are not required to obtain private mortgage insurance. Since the inception of the program, twenty-nine loans, totaling \$674 thousand, have been extended.

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

CRA PERFORMANCE (continued)

GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING BRANCH OFFICES (continued)

Assessment Factor I (continued)

Commercial Loans (continued)

The bank has also developed the Community Development Home Improvement Program, which provides home improvement loans to low- to-moderate income communities areas within the delineated community. To date, seven loans totaling \$46 thousand have been extended. Since the previous examination, management has initiated measures to in increase customer participation in the program. Currently, the loan features a reduced interest rate and the limits for unsecured loans have been increased from \$2.5 thousand to \$5 thousand. Additionally, the bank has expanded the purposes for which the proceeds may utilized.

Assessment Factor J - The institution's participation in governmentally-insured, guaranteed or subsidized loan programs for housing, small businesses or small farms.

The bank has not extensively participated in any direct, governmentally-insured, guaranteed, or subsidized housing programs but, has extended funds through innovative programs such as the Low Documentation Loan Program, sponsored by the U.S. Small Business Administration. This program is designed to facilitate a response to the business loan requests of small business owners by improving the loan application, processing and loan approval procedures of the agency.

To date, management has relied on the efforts of its lending staff to provide small business credit facilities throughout its delineated community, which includes low- to moderate income areas. A small business loan, for the purposes of the CRA, is a loan which is included in the category- "loans to small businesses", as defined in the instructions for preparation of the Consolidated Reports of Condition and Income. According to a section of the report- "Loans to Small Businesses and Small Farms", for the period ending June 30, 1996, the commercial and industrial loans and the non-farm/non-residential loans of the bank were classified as follows:

Loans to Small Business Consolidated Reports of Condition and Income as of 6/30/96 Schedule RC-C Part II Commercial and Industrial Loans				
	Number of Loans	Percent	Amount Outstanding at 6/30/96	Percent
With original amounts of \$100,000 or less	928	82.4	17,947	34.3
With original amounts of more than \$100,000 through \$250,000	121	10.8	12,328	23.6
With original amounts of more than \$250,000 through \$1,000,000	77	6.8	22,010	42.1
TOTAL	1,126	100.0	52,285	100.0

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

CRA PERFORMANCE (continued)

GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING BRANCH OFFICES (continued)

Assessment Factor J (continued)

Loans to Small Business Consolidated Reports of Condition and Income as of 6/30/96 Schedule RC-C Part II Loans Secured by Non-farm Nonresidential Properties				
	Number of Loans	Percent	Amount Outstanding at 6/30/96	Percent
With original amounts of \$100,000 or less	299	53.0	11,990	15.3
With original amounts of more than \$100,000 through \$250,000	129	22.9	15,998	20.4
With original amounts of more than \$250,000 through \$1,000,000	136	24.1	50,326	64.3
TOTAL	564	100.0	78,314	100.0

When the aforementioned information is combined and compared to the overall loan portfolio for the period ending 6/30/96, the results indicate that a significant percentage- 64%, of the outstanding loans of the bank have been extended to small businesses as indicated in the following chart:

Loans to Small Businesses		
	Amount Outstanding at 6/30/96	Percent
Loans with original amounts of \$100,000 or Less	\$29,937,000	15%
Loans with original amounts of more than \$100,000 through \$250,000	\$28,326,000	14%
Loans with original amounts of more than \$250,000 through \$1,000,000	\$72,336,000	35%
TOTAL "SMALL BUSINESS LOANS"	\$130,599,000	64%
Loans with original amounts of Greater than \$1,000,000	\$75,372,000	36%
TOTAL COMMERCIAL LOANS	\$205,971,000	100%

The applicable file documentation for the small business loans indicates that such credit was primarily extended for working capital loans, machinery and equipment purchases, inventory financing, and the consolidation of existing debt.

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

CRA PERFORMANCE (continued)

GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING BRANCH OFFICES (continued)

Assessment Factor B - The extent of the institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the institution.

The institution has implemented satisfactory marketing and advertising programs that effectively promote its banking and loan services. The programs are approved and monitored by senior management and the directorate and are an integral part of the overall CRA program of the bank. The marketing department coordinates all marketing and advertising efforts and disseminates information to the delineated community through a variety of medium including lobby brochures, pamphlets, direct mail campaigns, and local newspapers. The bank has also developed a World Wide Web site which lists its products, services, employment opportunities and branch locations.

The marketing efforts have improved the awareness of credit and banking services throughout the community and inform all segments of the community regarding special credit-related programs, including low and moderate income areas. The formal advertising program is supplemented by officer calls and CRA contact interviews conducted by bank personnel. A review of bank documentation revealed that approximately 60% of officer calls are to existing customers and the remainder are to prospective customers. Information from the contacts is presented to senior management on a monthly basis.

When an identified community credit need exists, JBT routinely initiates measures to develop credit programs that address such needs. The bank participates in a CRA consortium with five local banks to sponsor a First Time Home Buyers Workshop. The objective of the consortium is to introduce first time home buyers to the home buying process. The participants are provided with a brochure, "A Guide to Home Ownership", and are educated on home purchasing procedures from the initial interview and application process to the loan closing phase. Such workshops are conducted with the support of community organizations to ensure that all segments of the community, including low-to moderate-income neighborhoods, receive the necessary information and assistance that facilitates home ownership.

COMMUNITY DEVELOPMENT

Assessment Factor H - The institution's participation, including investments, in local community development and redevelopment projects or programs.

The bank's involvement in community development projects within its delineated community is considered to be satisfactory based upon its asset size, financial capacity, and current local economic conditions. Management is aware of the community development and redevelopment programs within the delineated community. Through a high degree of participation in these programs coupled with outreach initiatives, a substantial network of community development affiliations has been established.

Credit was extended to support non-profit organizations, promote the development of small businesses, and to provide financing for local real estate development initiatives. The following items are representative of the ongoing CRA-related activities, projects, and programs of the bank.

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

CRA PERFORMANCE (continued)

COMMUNITY DEVELOPMENT (continued)

Assessment Factor H (continued)

- C The bank provided a term loan to a local non-profit corporation. The organization provides foster care, day care and transitional housing for women. The funds will be utilized by the organization to acquire a building.
- C The bank provided a loan for the construction of a small business incubator in Johnstown. The project is sponsored by the Johnstown Industrial Development Corporation and will promote and develop economic resources for local business and industry.
- C In April 1996, the bank has extended loans to an educational organization that promotes the sale of crafts that are produced in the state. The proceeds will fund the start-up costs associated with the construction of a manufacturing facility.
- C The bank supports the financing needs of municipal authorities within its delineated community through the provision of short-term and long-term financing. Since the previous examination, \$3.7 million in municipal loans have been extended. Many of the loans have financed new operational and infrastructural systems for local municipalities and are deemed conducive to community development.
- C The bank has contributed funds to the Downtown Latrobe Revitalization Project. The program provides low cost financing to commercial property owners for facade improvements.
- C The bank offers standby and other letters of credit to enable its business customers to purchase inventory, to facilitate the construction of residential and commercial properties and to participate in the contract bidding process with local or state government agencies.

Assessment Factor L - Any other factors that, in the regulatory authority's judgment, reasonably bear upon the extent to which the institution is helping to meet the credit needs of its entire community.

The bank has participated in numerous activities which help meet the needs of the community. The directorate, officers and employees have exhibited a willingness to engage in community based endeavors including educational programs, seminars, volunteer, and philanthropic activities.

The bank has supported the efforts of a local organization, the Housing Opportunities of Cambria County (HOCC). HOCC is a non-profit entity which provides low- and moderate- income families with lending programs and related services that promote home ownership and serve to revitalize Cambria County. Generally, the bank provides loans to qualified applicants of this program. Such loans have reduced interest rates and minimal closing costs. The CRA officer of the bank is a director and the Community Affairs Officer is a marketing representative for the organization.

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

CRA PERFORMANCE (continued)

DISCRIMINATION AND OTHER ILLEGAL CREDIT PRACTICES

Assessment Factor F - Evidence of prohibited discriminatory or other illegal credit practices.

A review of the bank's credit policies revealed no evidence of prohibited discriminatory practices such as prescreening or the discouragement of applicants for the types of credit that are listed in its current CRA statement. The bank is in compliance with the substantive provisions of antidiscrimination laws and regulations, including: the Equal Credit Opportunity Act, the Fair Housing Act, the Home Mortgage Disclosure Act and other agency regulations pertaining to nondiscriminatory treatment of credit applicants.

Assessment Factor D - Any practices intended to discourage applications for the types of credit set forth in the institution's CRA Statement.

The institution generally solicits credit applications from all segments of the its community, including low- and moderate-income neighborhoods. The examination revealed no unreasonable lending patterns or evidence that the bank failed to serve its delineated community. Consumer and commercial loan policies reviewed during the examination, indicate that management evaluates and offers credit requests without regard to any prohibited basis. Additionally, the CRA officer has conducted training sessions for all employees to promote consistent and fair lending practices toward all credit applicants.

The bank has established a Fair Lending Review Committee which reviews approved, denied and withdrawn consumer credit applications in order to assess adherence to bank underwriting criteria and loan policies. The committee also ensures that measures have been implemented to inform employees of the requirements of consumer protection statutes and other regulations pertaining to credit discrimination.

ASCERTAINMENT OF COMMUNITY CREDIT NEEDS

Assessment Factor A - Activities conducted by the institution to ascertain the credit needs of its community, including the extent of the institution's efforts to communicate with members of its community regarding the credit services being provided by the institution.

The bank effectively utilizes formal and informal means to ascertain and respond to the credit and banking needs of its community including low- to-moderate income areas. The credit needs assessment program is proactively facilitated through the personal contact of its directors and management with various members of the community. This process involves regular and ongoing communication with small business owners, housing service providers and a wide range of civic, religious, neighborhood, government, minority and business associations.

The bank has established a CRA Committee which meets quarterly and makes a formal presentation to the directorate on an annual basis. The presentations include an overview of CRA policies and procedures, review of the CRA Policy and Statement, an assessment of the reasonableness of the delineated community, and a summary of lending penetration throughout the delineation.

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

CRA PERFORMANCE (continued)

ASCERTAINMENT OF COMMUNITY CREDIT NEEDS (continued)

Assessment Factor A (continued)

Johnstown Bank and Trust Company has an officer\branch manager call program to develop new business relationships, serve the needs of its present customers, and enhance its identity within its delineated community. Accordingly, the call program provides present and potential customers with information regarding loan products and banking services. These ascertainment efforts are compiled on a monthly basis by the CRA Officer and are submitted to the CRA Committee.

According to the bank's most recent CRA statement, senior management at JBT is in contact with several community organizations that include federal, state, county and local business organizations. The following list is a representative sample of the entities that have facilitated the credit ascertainment process of the bank:

Bedford Conference and Business Bureau
Boswell Area Community Committee
Farmers Home Administration
Fayette Board of Realtors
Foresight 2000 - Kernville Community Action
Latrobe Business and Professional Women's Club
Pennsylvania Farmers Organization
Windber Business Alliance

In addition to community contacts, bank credit ascertainment activities are supplemented by information obtained from the distribution of questionnaires. Community, housing and social service organizations are solicited regarding the unmet banking or credit needs within the community to determine if specific bank products or services are required to address such needs. The information from such contacts and other ascertainment efforts are effectively incorporated into the CRA program of the bank.